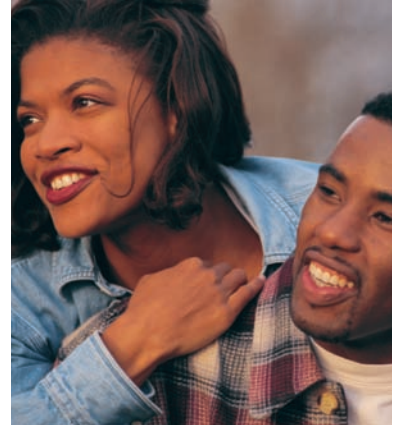
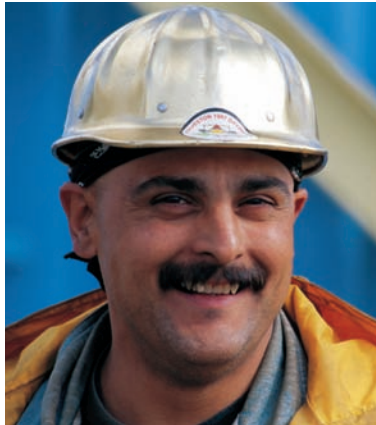


# SCRS Member Handbook

2008 Edition



*Retiring South Carolina's Public Workforce For Life*

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South Carolina Retirement Systems  
A Division of the State Budget and Control Board

# Your Plan at a Glance

## Benefits

- Retirement benefit is guaranteed by law and pre-funded
- Retirement benefit is based on a formula (1.82 percent multiplied by years of service multiplied by average final compensation), not on a member's account balance at retirement
- Automatic annual cost-of-living adjustments (COLAs) for retirees
- Plan assumes investment and life expectancy risks
- Ability to purchase service
- Disability and life insurance protection
- Deferred retirement option program - allows you to retire and begin accumulating your annuity on a deferred basis without quitting work

## Membership Eligibility

- Employer must be covered by SCRS
- You must be actively employed by a covered employer and making contributions to SCRS

## Contributions

- You contribute a tax-deferred 6.5 percent of gross pay
- If you have not retired, your account earns 4 percent interest compounded annually

## Service Purchase

- Members may be eligible to purchase various types of service credit
- Examples of service that may be purchased include military service, public service and previously withdrawn SCRS service
- Purchasing service increases your total credited service which may allow you to retire sooner
- The cost to purchase service varies by type

## Group Life Insurance

- Beneficiaries of active members and working retirees are eligible for a payment equal to a year's salary after one year of service
- If death is a result of a job-related injury, the one-year requirement is waived
- Non-working retirees are also eligible for coverage of \$2,000, \$4,000 or \$6,000 based on their years of service

- Check with your employer to see if they provide this protection

## Leaving before Retirement

If you terminate employment, you can either:

- request a refund of your contributions and interest; or
- leave your money in the Retirement Systems where it will earn an annual 4 percent interest

## Payment Plans

- Three plans available
- Two of the three plans provide survivor protection
- You select the one that best suits your needs

## Automatic Annual COLA

- Each July 1, eligible retired members receive an automatic COLA of up to 2 percent
- Automatic COLAs are pre-funded—meaning they are already included in the liabilities of the plan
- Additional COLAs (ad hoc COLAs) may be given up to 4 percent if certain guidelines are met

## Retirement Eligibility

- You can retire after 28 years of service or at age 65
- You can retire early (before age 65 or 28 years of service) and receive a reduced retirement benefit
- Members eligible for service retirement may choose to participate in the Teacher and Employee Retiree Incentive (TERI) program which allows you to retire and begin accumulating your annuity on a deferred basis without ending your employment

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THIS HANDBOOK CONTAINS AN ABBREVIATED DESCRIPTION OF THE RETIREMENT BENEFITS OFFERED BY THE SOUTH CAROLINA RETIREMENT SYSTEM. THE INFORMATION IN THIS HANDBOOK IS MEANT TO SERVE AS A GUIDE FOR OUR MEMBERS AND DOES NOT CONSTITUTE A BINDING REPRESENTATION OF THE SOUTH CAROLINA RETIREMENT SYSTEMS. TITLE 9 OF THE SOUTH CAROLINA CODE OF LAWS CONTAINS A COMPLETE DESCRIPTION OF THE RETIREMENT BENEFITS, THEIR TERMS AND CONDITIONS, AND GOVERNS ALL RETIREMENT BENEFITS OFFERED BY THE STATE. STATE STATUTES ARE SUBJECT TO CHANGE BY THE GENERAL ASSEMBLY. PLEASE CONTACT THE RETIREMENT SYSTEMS FOR THE MOST CURRENT INFORMATION.

THE LANGUAGE USED IN THIS HANDBOOK DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND THE SOUTH CAROLINA RETIREMENT SYSTEMS. THE SOUTH CAROLINA RETIREMENT SYSTEMS RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS HANDBOOK.

## General Information

The South Carolina Retirement System (SCRS) is a defined benefit retirement plan administered by the South Carolina Retirement Systems, a division of the State Budget and Control Board. This handbook provides a general introduction to SCRS and its benefits.

If you chose participation in the State Optional Retirement Program (State ORP) defined contribution plan in lieu of SCRS membership, contact your State ORP vendor for benefits information.

If you have not yet made your decision, please refer to the Select Your Retirement Plan guide.

## Membership

Your SCRS membership starts when you earn compensation from a covered employer and make contributions to your account.

An active member is employed by an employer covered by the Retirement Systems, earning service credit, making regular contributions to an SCRS retirement account, and not retired or terminated from covered employment. You must be an active member to receive most of the benefits outlined in this handbook. Active members receive a member statement each year that shows employee contributions and interest, service credit, and retirement account beneficiaries.

Certain types of employment, including student employees, are specifically exempted from membership by statute. Others, such as non-permanent employees, have the option of electing non-membership within 30 days from the date of hire. Your employer should inform you if your employment falls into these categories.

*SCRS was established  
July 1, 1945.*

*Membership is  
comprised of state  
employees, public  
and charter school  
employees, public  
higher education  
personnel, and  
employees of cities,  
counties, and other  
local subdivisions of  
government that have  
joined the Retirement  
Systems.*





*The Retirement Systems does not ensure your eligibility for health insurance after you retire. Please contact your insurance provider to determine health insurance eligibility.*



## Correlated Systems

SCRS, Police Officers Retirement System (PORS), and General Assembly Retirement System (GARS) are correlated systems. If you have contributions in more than one of these retirement systems, your service credit is maintained separately within each system; however, your service credit is added together to determine your eligibility for retirement benefits.

## Contribution Rates

You contribute a tax-deferred 6.5 percent of gross pay into your SCRS retirement account. If you have not retired, your account earns 4 percent interest compounded annually on your balance as of the previous June 30.

## Group Life Insurance Benefit

If you are an active member and die in service with at least one year of service credit, a payment equal to your current annual earnable compensation will be paid to your beneficiary or trustee. If your death results from a job-related injury, the one-year requirement is waived. Group life insurance benefits are considered life insurance proceeds which are not taxable.

State agencies and public school districts are required to provide group life insurance to employees. The coverage is optional for other employers. If an employer provides group life insurance to its employees, the employer must pay the associated contribution for this coverage.

## Service Credit

### Establishing Service Credit

Active members may establish additional service credit for various types of previous employment and leaves of absence, and up to five years of non-qualified service. Generally, a member on leave without pay from a participating employer is not eligible to purchase service credit of any type. Descriptions of these types of service credit begin on Page 3.

### Purchasing Service Credit

You may purchase service credit by a lump-sum payment, an installment service purchase (pre- or post-tax, plus interest), or a tax-deferred rollover from an Individual Retirement Account, a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or a 457 plan.

You may purchase each type of service credit once within a fiscal year. If you are purchasing service to meet retirement eligibility, contact the Retirement Systems for more information. Payment for service purchases must be remitted in full prior to your retirement date or termination. If you need to determine eligibility for health insurance, please contact your health insurance provider.

If you previously purchased periods of part time credit or previously earned periods of part time credit, you may be eligible to purchase additional service credit at an additional cost. Please contact the Retirement Systems for more information.

Some types of purchased service may not be used in determining insurance eligibility. Contact your employer or health insurance provider for insurance coverage questions. If you are covered by state health insurance, contact the Employee Insurance Program toll free at (888) 260-9430 or at (803) 734-0678 for eligibility information.

## Descriptions of Types of Service

### Convert Class I to Class II

If you are an SCRS member who still has Class I service, you may convert your Class I service to Class II service by paying 2.5 percent of either your current earnable compensation or the average of your 12 highest consecutive quarters of earnable compensation, whichever is greater, for each year to be converted.

### Public Service

You may establish service credit for any period of paid public service for which you do not already have service credit in another defined benefit plan from which you may receive an annuity. Public service constitutes service as an employee of the government of the United States, a state, or political subdivision of the United States. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

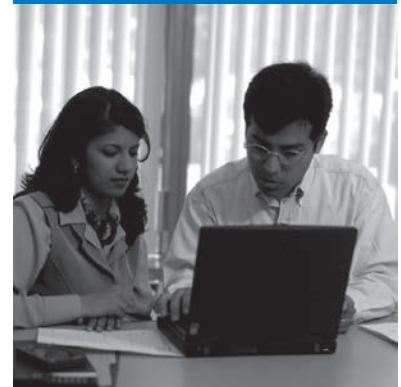
### Educational Service (K-12)

You may establish service credit for any period of paid classroom teaching consisting of grades kindergarten through 12 in a public, private, or sectarian school for which you do not already have service credit in another defined benefit plan from which you may receive an annuity. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

### Military Service

You may establish up to six years of service credit for any period of military service for which you do not already have service credit. This includes service in the United States Army, Navy, Marine Corps, Air Force, Coast Guard, Select Reserves, and Army or Air National Guard. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. Your discharge from service must be under conditions other than dishonorable. Under guidelines set forth by the Uniformed Services Employment and Reemployment Rights Act (USERRA), you may also arrange in advance with your employer to continue contributing to your account while on active duty military leave or make the

*Generally, if you are on leave without pay from a participating employer, you are not eligible to purchase service credit of any type.*



contributions after returning from military leave within a period three times longer than your military leave, but not more than five years.

### Leave of Absence

Active contributing members on an employer-approved leave of absence who return to covered employment within four years may purchase service credit for the employer-approved leave period for which they do not already have service credit, up to a maximum of two years per leave of absence. The leave of absence must be with an employer covered by the Retirement Systems. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.

### Workers' Compensation

You may establish service credit for a period while on leave of absence and receiving Workers' Compensation benefits. The cost is based on contributions plus interest using your earnable compensation at the time of injury. You may also arrange in advance with your employer to continue contributing to your account while you are receiving Workers' Compensation benefits.

### Previously Withdrawn SCRS Service

If you left employment and received a refund of your contributions plus interest from the Retirement Systems, you may re-establish this service upon returning to active membership. You must repay the amount you withdrew plus interest to the date your request is received. Previously withdrawn earned service that is re-established in SCRS is considered "earned" service towards the five year minimum service criteria for retirement eligibility. Please note that earnings associated with a re-established withdrawal will be considered for possible inclusion in the calculation of a member's average final compensation and any subsequent service purchase calculations.

### Non-Qualified Service

Active contributing members who have five or more years of earned service credit may establish up to five years of non-qualified service. The cost is 35 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.

### State ORP Service

You may purchase service credit for your years of participation in the State ORP. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation in either SCRS or State ORP, whichever is greater, for each year of service purchased. You may not purchase service for a period of State ORP participation for which you may receive a retirement annuity from another defined

*If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.*





benefit retirement plan. State ORP service that is established in SCRS through the service purchase process is considered earned service for the determination of the SCRS minimum service requirement for benefit eligibility. Salaries associated with State ORP service purchased in SCRS will be considered for possible inclusion in the calculation of a member's average final compensation and any subsequent service purchase calculations.

## Leaving before Retirement

If you leave your job and terminate all employment covered by the South Carolina Retirement Systems before you are eligible to retire, you have two options concerning your contributions:

- request a refund of your contributions and interest; or
- leave your funds in the Retirement Systems. Your account will continue to accrue interest at 4 percent compounded annually.

### Request a Refund

To receive a refund of your accumulated contributions and interest, you must complete a refund request form and return it to the Retirement Systems. You may submit your refund request immediately upon termination; however, by law, there is a minimum 90-day waiting period from your date of termination until a refund can be made. If you request a refund, you forfeit your rights to any future service retirement or disability annuity. Employer contributions are not refunded. If you are working for two or more covered employers and/or contributing to more than one retirement account (i.e., working two jobs and paying into an SCRS and a PORS account), you must stop working in all correlated systems to request a refund from any account.

Instead of having the refund paid directly to you, you may choose to roll over the funds into an IRA, a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or some 457 plans (the South Carolina Deferred Compensation Program's 457 plan does not accept rollovers from your Retirement Systems account). The Retirement Systems is required to withhold federal taxes of 20 percent on the taxable portion of any refund that is eligible, but not transferred directly into another qualified retirement plan. Other taxes may apply as well. Under the federal Pension Protection Act of 2006 (PPA), the 10 percent withdrawal penalty is waived for public safety members who separate from service after age 50 and military reservists and national guardsmen who are called to active duty for at least 180 days. Be sure to check with an accountant or tax advisor regarding your tax liability.

### Leave Funds on Deposit

When you leave your money on deposit, your account continues to accrue interest and you retain your years of service credit, which may be added to any future service you may accrue should you later be employed in a position covered by this retirement system. You may

*If you leave your job before retirement and request a refund, there is a minimum 90-day waiting period from your date of termination until a refund can be made.*



apply for a refund at a later date or apply for a service retirement annuity upon reaching eligibility. No action is required if you wish to retain your membership and leave the funds on deposit but it is your responsibility to keep the Retirement Systems informed of your current address or any change in name or beneficiary.

## Service Retirement

A good way to begin the planning process for retirement is to attend a pre-retirement seminar offered by the Retirement Systems. Sessions are held regionally, generally during the fall months. The seminar schedule can be found on-line at [www.retirement.sc.gov/events](http://www.retirement.sc.gov/events). You can also register to attend a seminar through this Web site.

If you are considering retirement, you can conduct a consultation over the phone or in person at our office. Simply contact Customer Services toll free at (800) 868-9002 (within SC only), or at (803) 737-6800 or [www.retirement.sc.gov](http://www.retirement.sc.gov) to arrange this discussion.

### When to Apply

You must file an application with the Retirement Systems to retire; it is not automatic. We encourage you to file your application as early as six months prior to your desired effective date of retirement but no later than 90 days afterward.

Retirement applications and other forms are available via our Internet Web site at [www.retirement.sc.gov](http://www.retirement.sc.gov) or you may contact Customer Services toll free at (800) 868-9002 (within SC only), or at (803) 737-6800 or [www.retirement.sc.gov](http://www.retirement.sc.gov).

If you do not receive notification of our receipt of your application within 10 days after you submitted it, contact Customer Services. Please do not terminate employment until the Retirement Systems has audited your service credit and you receive official notice of your retirement eligibility. This official notice will be sent to you in the mail and is entitled "Notification of Retirement Eligibility and Estimated Benefit".

Annuity estimates may be obtained from the Retirement Systems but are projected based on information you provide as well as available system information. Annuity estimates are subject to change upon an audit of your account after your application is received.

*You are not required to withdraw your contributions and interest at termination, regardless of your credited service time toward retirement.*



## Eligibility

If you meet the following requirements, you are considered eligible to retire (see [Correlated Systems](#) on Page 1 if you have an account in more than one retirement system):<sup>1</sup>

### Normal Retirement (Unreduced Annuity):

- 28 years of service, five years of which must be earned; or
- Age 65 with five years of earned service.

### Early Retirement (Reduced Annuity):

- Age 60 with at least five years of earned service. Your annuity is permanently reduced 5 percent for each year of age less than 65; or
- Age 55 or older with 25 years of service, five years of which must be earned. Your annuity is permanently reduced 4 percent for each year of service less than 28. Cost-of-living adjustment restrictions apply (see Page 14).

## Your Average Final Compensation

Your average final compensation (AFC) is an important part of the formula used to calculate your retirement benefit. When you retire, your first several benefit checks will be based on information received up to that point and will be an estimated amount.

After your employer submits your final earnable compensation information, retirement contributions for your 12 highest consecutive quarters of earnable compensation will be audited. Your AFC may be adjusted after the audit if any of the contributions included in the AFC calculation were for any payments not considered a part of your regular salary base. Your AFC also will be adjusted to include payment for your unused annual leave according to statute.

As a result of the information received from your employer and the audit of the contributions for your 12 highest consecutive quarters of earnable compensation, your retirement benefit will be finalized. The final amount may be less than, or more than, your estimated benefit.

## Service Retirement Annuity Formula

The following four-step formula is used to calculate your standard monthly annuity.

**Step 1** Total your 12 highest consecutive quarters of earnable compensation and divide by 3.

The dollar amount of payment for up to 45 days of unused annual leave paid by your last employer at retirement may be

<sup>1</sup>If your membership began before January 1, 2001, the five year minimum earned service requirement may not apply if you had five years of "creditable" service (this includes purchased time) accrued as of December 31, 2000. Or, you may also meet eligibility if you were at least age 60 and a contributing member on December 31, 2000.

*You must file an application with the Retirement Systems to retire; it's not automatic.*



included before averaging your 12 highest consecutive quarters of earnable compensation. The result of Step 1 is your AFC.

**Step 2** Multiply the result of Step 1 by 1.82 percent (.0182) for Class II service or by 1.45 percent (.0145) for Class I service.

**Step 3** Multiply the result of Step 2 by years, months, and days of service.

Convert months to days and divide the total days by 360 to determine a decimal equivalent for partial years. For example, 25 years, 2 months and 10 days equals 25 years, 70 days (60 + 10).  $70 \div 360 = .19$ . This amounts to 25.19 years of service.

**Step 4** Divide the result of Step 3 by 12.

## Unused Leave At Retirement

### Annual Leave

Only an amount up to and including 45 days pay for unused annual leave from your last termination payment shall be included before averaging your 12 highest consecutive quarters of earnable compensation (see Step 1 of the annuity formula on Page 7).

### Sick Leave

At retirement, you may receive service credit for up to 90 days of unused sick leave from your last employer at no cost to you (see Step 3 of the annuity formula above). This service credit cannot be used to establish retirement eligibility. Sick leave is reported by your employer after retirement. One month of service credit is granted for each 20 days of sick leave.

### School District and Higher Education Employees

To calculate your AFC, adjustments may be required so that you receive credit for three full years of earnings. Adjustments may be needed for changes in payroll cycles, contract payouts, and any other occurrence that could potentially cause the AFC to include more or less than three full years of earnings.

## Payment Plans at Retirement

There are three monthly annuity payment plans available to you at retirement. Select the one that best suits your needs. Your payment plan may not be changed once benefits are first payable.

### Option A (Maximum Retiree Only Monthly Annuity) Payment Plan

This plan will pay you a standard lifetime annuity based on your average final compensation, years of service, and a multiplier (.0182 for Class II or .0145 for Class I). Upon your death, the Retirement Systems will return, through a lump-sum payment to your beneficiary or your estate, the remaining balance of any member contributions and interest and any working retiree contributions not exhausted through receipt of annuity benefits during your retirement.

### Service Annuity Example

AFC = \$25,000

Creditable service = 28 years

$\$25,000 \times 1.82\% (.0182) =$   
\$455

$\$455 \times 28 = \$12,740$   
(annual retirement annuity)

$\$12,740 \div 12 = \$1,061.67$   
(standard monthly annuity)

### Option B (100% - 100% Joint Retiree-Survivor Monthly Annuity) Payment Plan

You will receive a reduced (from Option A) monthly annuity for life. Upon your death, the same annuity (100 percent of your reduced monthly annuity, including granted cost-of-living adjustments) will continue throughout your beneficiary's lifetime. If your designated beneficiary predeceases you, your annuity will revert to Option A, including any cost-of-living adjustments granted since your retirement date.

You may select Option B only if your designated beneficiary is your spouse, or you designate multiple beneficiaries or a sole beneficiary who is not your spouse and who is within the 10 year age difference limits allowed by an Internal Revenue Code formula. The non-spousal limits do not apply if the non-spousal beneficiary is older than you, or in the case of disability retirement or death benefits.

If, based on the IRC formula, the adjusted age difference for you and a non-spousal beneficiary exceeds the IRC limits, the 100 percent survivor option payment plan would not be available to you. You would be able to select the 50 percent survivor option payment plan, however, with no IRC restrictions.

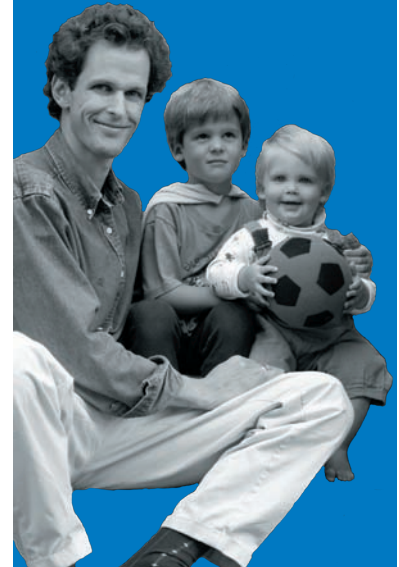
### Option C (100% - 50% Joint Retiree-Survivor Monthly Annuity) Payment Plan

You will receive a reduced (from Option A) monthly annuity for life. Upon your death, one-half of the annuity (50 percent of your reduced monthly annuity, including granted cost-of-living adjustments) will continue throughout your beneficiary's lifetime. If your designated beneficiary predeceases you, your annuity will revert to Option A, including any cost-of-living adjustments granted since your retirement date.

#### If You Choose Option B or Option C

If you choose Option B or Option C and name multiple beneficiaries, upon your death your annuity will be divided equally among them. The annuity will not change for the remaining beneficiaries if one beneficiary dies, either before or after the member dies. If you select Option B or Option C and all of your designated beneficiaries predecease you, your annuity will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary.

*Both Option B and Option C are joint retiree-survivor payment plans that, upon your death, pay your beneficiaries a monthly annuity throughout their lifetime.*





## Approximate Percentage of Average Final Compensation at Retirement

The information below is based on the standard annuity payment plan (Option A). Choosing Options B or C to provide a future annuity for beneficiaries will reduce the amount of your monthly annuity.

Service and Age	Percentage	Type of Benefit
25 years at age 55	40%	Reduced Early Retirement
26 years at age 55	44%	Reduced Early Retirement
27 years at age 55	47%	Reduced Early Retirement
28 years at any age	51%	Normal Retirement
29 years at any age	53%	Normal Retirement
30 years at any age	55%	Normal Retirement

## Approximate Amount of Option A Monthly Annuity at Retirement

The information in the table below is based on the standard annuity payment plan (Option A). Choosing Options B or C to provide a future annuity for beneficiaries (or retiring with SCRS early retirement reductions) will reduce the amount of your monthly annuity.

AFC	Years of Service							Additional Monthly Benefit for Each Additional Year
	5*	10*	15*	20*	25*	28	30	
\$20,000	\$ 152	\$ 303	\$ 445	\$ 607	\$ 758	\$ 849	\$ 910	\$ 30
25,000	190	379	569	758	948	1,062	1,138	38
30,000	228	455	683	910	1,138	1,274	1,365	46
35,000	265	531	796	1,062	1,327	1,486	1,593	53
40,000	303	607	910	1,213	1,517	1,699	1,820	61
45,000	341	683	1,024	1,365	1,706	1,911	2,048	68
50,000	379	758	1,138	1,517	1,896	2,123	2,275	76
55,000	417	834	1,251	1,668	2,085	2,336	2,503	83
60,000	455	910	1,365	1,820	2,275	2,548	2,730	91
65,000	493	986	1,479	1,972	2,465	2,760	2,958	99
70,000	531	1,062	1,593	2,123	2,654	2,973	3,185	106
75,000	569	1,138	1,706	2,275	2,844	3,185	3,413	114
80,000	607	1,213	1,820	2,427	3,033	3,397	3,640	121
85,000	645	1,289	1,934	2,578	3,223	3,610	3,868	129
90,000	683	1,365	2,024	2,730	3,413	3,822	4,095	137
95,000	720	1,441	2,161	2,882	3,602	4,034	4,323	144
100,000	758	1,517	2,275	3,033	3,792	4,247	4,550	152
110,000	834	1,668	2,503	3,337	4,171	4,671	5,005	167

\* SCRS early retirement reductions may apply. Early reduction may be due to age 60, age 55 with 25 years of service or less than 28 years.

## TERI Program

If you are eligible for service retirement under any of the criteria outlined on Page 7, and are an active contributing member, you may elect to participate in the Teacher and Employee Retention Incentive (TERI) program. TERI allows you to retire and begin accumulating your retirement annuity on a deferred basis without terminating employment. You must enroll at the time of retirement.

Any retired employee who works for a state agency on or after July 1, 2005, will be exempt from the State Employee Grievance Act. In addition, any state employee who becomes a TERI participant after June 6, 2005, will be exempt from the Grievance Act.

By participating in TERI, you may defer receipt of your retirement annuity for up to 60 months. Your monthly retirement annuity is accumulated in your TERI account. No interest is paid on annuity benefits accumulated in your TERI account. Retiree cost-of-living adjustments are applied to a TERI participant's monthly annuity in the same manner in which other retirees receive such adjustments.

You may participate in TERI only once. If you retired previously and received a service or a disability retirement annuity under SCRS, you are not eligible to participate in the TERI program. However, disability retirees who have been restored to active service and repaid all benefits they received are eligible to participate in the TERI program.

During your TERI period, you are covered under group life as a contributing retiree and the group life insurance benefit is equal to one year's salary, but you are not eligible for disability retirement.

If you die while participating in TERI, in addition to any group life insurance benefits, the total amount of your annuity accumulated in your TERI account will be distributed to the beneficiary designated for your retirement annuity. A designated beneficiary who is a spouse may elect to roll over the taxable portion of the TERI balance into an IRA, a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or a 457 plan. However, a non-spousal beneficiary may elect to roll over the taxable portion of the TERI balance into an IRA.

At the end of your TERI period, you must terminate employment. Confirmation of your actual termination date is required from your employer. You may then receive the balance in your TERI account through either a taxable, single-sum distribution payable directly to you or through a tax-deferred rollover into a qualified retirement plan. Any distribution paid directly to you is subject to ordinary federal and state income taxes and may be subject to an additional 10 percent federal penalty for early withdrawal. The 10 percent withdrawal penalty is waived for public safety employees over age 50 and military reservists and national guardsmen who are called to active duty for at least 180 days.

***You may participate in TERI only once. If you retired previously and received a service retirement annuity under SCRS, you are not eligible to participate in the TERI program.***



If you plan to return to work for a covered employer after your TERI period ends, you must consult your employer regarding the employer's employment severance and return-to-work policy. Your TERI period will count toward the requirement that you be retired for at least 15 consecutive calendar days before returning to work for a covered employer (see Page 13). You are not guaranteed employment; a covered employer decides whether or not to hire you after your TERI period has ended. Regardless of your TERI retirement date, if you return to work after your TERI participation has ended, you will pay working retiree contributions like active members.

*If you plan to return to work for a covered employer after your TERI period ends, be sure to find out about the employer's employment severance and return-to-work policy. You are not guaranteed employment; your employer decides whether or not to hire you after your TERI period has ended.*



### TERI Participants with Retirement Dates on or after July 1, 2005

The following guidelines apply to TERI participants with retirement dates on or after July 1, 2005.

#### Contribution Rates

During your TERI period you will pay the same pre-tax contribution rate as active members for the duration of your TERI period; however, you will not earn service credit or interest on your account.

Members whose participation in the TERI program began prior to July 1, 2005, do not make employee contributions during their TERI period.

#### Unused Annual Leave and Your AFC

The first several annuity benefits posted to your TERI account will be based on information received up to that point because your account is considered to be estimated.

After your employer submits your final earnable compensation information, retirement contributions for your 12 highest consecutive quarters of earnable compensation will be audited. Your AFC may be adjusted accordingly after the audit and to include unused sick leave only. Your account will remain in this status for the duration of your TERI period.

Upon termination of employment at the end of your TERI participation, your annuity will be recalculated to include payment for up to 45 days of unused annual leave paid at termination.

## Post-Retirement Information

### Retirement Checks

Retirement checks are mailed or directly deposited into your bank account on the last business day of each month. We strongly encourage all payees to participate in direct deposit; however, if you do not have a bank account into which benefits may be automatically deposited you may receive a paper check each month. If you do not receive your check within five business days, please contact the Retirement Systems. Endorse all checks as drawn. If someone else must endorse

your checks, notify the Retirement Systems immediately. It is also very important to notify the Retirement Systems in writing of any change of your home mailing address.

## Taxes

Your monthly annuity is subject to federal and state income taxes. Check with an accountant or tax advisor regarding your tax liability.

## Cost-of-Living Adjustments

Each July 1, eligible SCRS retirees will receive an automatic COLA of up to 2 percent if the Consumer Price Index as of the previous December 31 is at least 2 percent. If you retire under the early retirement provisions at age 55 with 25 years of service, you are not eligible for COLAs until the second July 1 after you reach age 60 or the second July 1 after the date you would have attained 28 years of service credit had you not retired.

## Retiree Group Life Insurance

As a non-working retiree, if you die and your last employer prior to retirement is covered by the group life insurance benefit (see Page 2), a group life insurance payment based on your service credit will be paid to your beneficiaries as follows:

Years of Service Credit	Benefit
10 to 19 years of service credit	\$2,000
20 to 27 years of service credit	\$4,000
28 or more years of service credit	\$6,000

## Returning to Covered Employment

If you return to work after retirement, there is no limit on the dollar amount that you may earn as compensation; however, you must be retired for at least 15 consecutive calendar days before returning to work for an employer covered by the Retirement Systems.

The TERI period counts toward the 15-day break requirement. If you return to covered employment sooner than 15 consecutive calendar days after retirement, your retirement annuity will be suspended while you remain employed by a covered employer. A severance from employment is required at the end of the TERI program before a member may return to covered employment.

If you work 48 continuous months for a covered employer with an annual salary of at least 75 percent of the AFC used to calculate your retirement annuity, you may elect to rejoin SCRS. If you rejoin, you may elect to repay your retirement annuity and purchase service credit for that 48-month period by making a payment equal to the amount you would have contributed plus the interest your contributions would

*For your convenience, the Retirement Systems offers direct deposit of monthly annuity checks.*



*Certain members, such as elected officials and those designated by the Department of Education, may retire and return to work without a break in service.*



have accrued if you had been an active member for months during the 48-month period you did not make contributions as a retiree.

For months that you made contributions as a retiree during the 48-month period, you would only be required to pay back the retirement benefits received to purchase this time if you wish to purchase this period of time. Your subsequent retirement annuity will be computed as if you are retiring for the first time. Your TERI period does not count toward the 48 months and cannot be purchased as service credit if you rejoin the Retirement Systems.

### Group Life Insurance

TERI participants and retired contributing members are eligible for an increased group life insurance benefit of payment equal to their annual salary in lieu of the standard \$2,000, \$4,000 or \$6,000 retired member benefit.

### Working Retiree Contribution Rate

Retired members who return to covered employment contribute a tax-deferred 6.5 percent of gross pay into their retirement account; however, as a retiree you will not earn additional service credit or receive interest on your account.

## Beneficiaries

Active members may designate three types of beneficiaries:

- Beneficiaries for your in-service death annuity. Multiple beneficiaries share equally in survivor annuities;
- Contingent beneficiaries in case of death of the primary beneficiaries. All primary beneficiaries must be deceased before any contingent beneficiaries are paid; and
- Group life insurance beneficiaries.

You may name your estate; however, monthly annuity payments cannot be paid to an estate.

## Beneficiary and Payment Plan Changes

### Pre-Retirement

Generally, you may change your beneficiaries at any time before retirement.

### Post-Retirement

#### Retiree Group Life Insurance

You may change your retiree group life insurance beneficiary at any time regardless of the payment plan you selected.



### Option A

You may change your beneficiary for retirement benefits at any time. If you have a change in marital status (death of spouse, marriage, divorce), you may also select a new option within one year of the qualifying event.

### Option B and Option C

If all of your beneficiaries predecease you, your annuity will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary. You may then select a new beneficiary under Option A. If you have a change in marital status (death of spouse, marriage, divorce), you may also select a new option within one year of the qualifying event.

### Payment Plan Changes

Your form of monthly payment may not be changed more than twice, regardless of the number of events (death of a designated beneficiary or change in marital status) that occur. A reversion to Option A upon the death of your beneficiary will count as one of the two changes. If a second beneficiary predeceases you after you have again selected Option B or Option C, you will revert automatically to Option A; however, no further form of payment changes will be allowed. Changes in form of payment occurring before January 1, 2001, are not included in the limitation provision.

## In-Service Death

As an active contributing member who dies in service, your designated beneficiary may be entitled to receive the benefits listed below:

#### If you are under age 60 and have less than one year of service credit:

- Active member group life insurance benefit if your death was job-related; and
- Refund of employee contributions plus interest.

#### If you are under age 60 and have 1-14 years of service credit:

- Active member group life insurance benefit; and
- Refund of employee contributions plus interest.

#### If you have 15 or more years of service credit, five years of which must be earned service:

- Active member group life insurance benefit; and
- Beneficiary's choice of monthly annuity or refund of employee contributions plus interest.

#### If you are age 60 or older with at least five years of earned service as of your date of death:

- Active member group life insurance benefit (must have at least one year of service); and
- Beneficiary's choice of monthly annuity or refund of employee contributions plus interest.

*Make sure your annuity and life insurance beneficiary designations are always current.*



## Death after Retirement

When you die, survivor benefits will be paid according to the retirement annuity payment plan you elected.

## Disability Retirement

### Who May Apply

You may apply for disability retirement if you become permanently disabled **before you leave covered employment** and you:

- are under age 65; and
- have five or more years of earned service credit toward retirement (see Correlated Systems on Page 2).

The five-year service requirement is waived if you can substantiate that your disability is the result of an on-the-job injury.

For retirement purposes, you are considered permanently disabled if you become physically or mentally incapable of performing the regular duties of your job and your disability is likely to be permanent. Becoming disabled does not automatically qualify you for disability retirement; you must file an application and go through the review process.

You may arrange with your employer to make your Retirement Systems' contributions through your employer if your disability requires you to be placed in an employer-approved leave status while receiving Workers' Compensation benefits. Doing so will ensure that you continue to earn Retirement Systems' service credit during your Workers' Compensation leave period.

Be sure to apply for disability benefits while you are still in service with a covered employer. Do not wait to apply for disability benefits until your Workers' Compensation claim is finalized. Many Workers' Compensation claims are often settled after covered employment has ended.

If your disability claim is denied, the continuance of paying contributions and earning Retirement Systems' service credit may be important to your long-term retirement plans. Retired members who work for a covered employer are not eligible to apply for disability benefits.

*It is important that you file your application for disability retirement as soon as you become disabled and before you leave covered employment.*



## How to Apply

If you meet the disability filing criteria, go to our Web site or contact Customer Services for a disability retirement packet. When you file your disability retirement claim, please include as much evidence as possible to support your claim.

**You should file your application for disability retirement as soon as you become disabled. You must apply prior to leaving covered employment or you will not be eligible to participate in the disability retirement program.**

If you do not receive notification in the mail confirming receipt of your application within 10 days after you submit it, please contact us.

If you are eligible for service retirement when you become disabled, you may apply for service retirement while awaiting determination of your disability claim; however, you will receive only one type of payment (service or disability) if your disability claim is approved.

## Processing the Claim

Your medical records will be obtained from your health care providers and evaluated to determine the severity and limiting effects of your physical or mental impairment. The final determination is made by the Retirement Systems. If you are denied, you will have an opportunity to appeal that denial.

**Please allow a minimum of three months after all required documentation has been received from you, your employer, and your health care providers for your disability application to be processed.**

If you have not received our decision within three months, please contact Customer Services toll free at (800) 868-9002 (within SC only), or at (803) 737-6800 or [www.retirement.sc.gov](http://www.retirement.sc.gov).

## Effective Date

If your disability retirement claim is approved, the effective date for annuity benefits will be the 30th day after your application is received by the Retirement Systems or the day after your last day on your employer's payroll, whichever is later.

A disability annuity, once approved, may be discontinued if:

- you regain a certain earning capacity; **or**
- medical evidence indicates that you are no longer disabled; **or**
- the Retirement Systems has scheduled a continuing disability review and does not approve continuing disability retirement payments.

*Disability retirees have the same payment plan options as service retirees. See Pages 8-9 for more details.*



Periodic medical reexaminations may be required up to age 65. If the Retirement Systems determines that your disability benefits should cease because of an improvement in your medical condition, your retirement benefits will stop the month of your scheduled review or the month of the Retirement Systems' decision, whichever is later.

## Annuity Payments

A disability applicant may select the same payment plans as a service retiree (see Pages 8-9).

Because the Retirement Systems does **not** determine your disability based on the criteria for a disability that is total and permanent like Social Security, your disability benefits are considered to be a normal distribution from your retirement account. For tax information, contact the Internal Revenue Service, the South Carolina Department of Revenue if you live in South Carolina, and/or your personal tax advisor.

Disability benefits paid under SCRS are based on approval for an occupational or job-related disability. Per the Internal Revenue Service (IRS) guidelines, all such benefits are reported as normal distributions with a distribution code of 7 on IRS form 1099-R.

If you also receive benefits from the Social Security Administration that are based on total and permanent disability, such benefits are reported to you with a distribution code of 3 on IRS form 1099-R. If you are considered to be totally and permanently disabled, benefits paid by the Retirement Systems may be eligible for additional tax credits. Please have your tax advisor refer to the instructions for completing IRS Schedule R in preparing your income tax return.

## Returning to Employment While Receiving a Disability Retirement Annuity

If you are under age 65 and receiving a SCRS disability annuity, you should report earnings from any gainful (public or private) employment to the Retirement Systems annually because there is an earnings limitation for all employment which is applied on a calendar-year basis. You may earn the difference between your adjusted AFC at retirement and your disability retirement annuity without affecting your retirement benefits (see example at left). At age 65 there is no earnings limitation for public or private employment.

Your AFC may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage increase of the CPI. These adjustments affect the amount you can earn while receiving a disability retirement annuity; however, they do not affect the amount of your benefit. You will receive a letter each February advising you on how much you can earn and requesting confirmation of your prior year earnings. You will have to repay any benefits that you received to which you were not entitled.

### Example

AFC at retirement (adjusted for inflation)	\$ 35,000
Annual disability retirement annuity	- \$ 14,950
Disability retiree can earn difference (for the calendar year)	\$ 20,050

If you earn more than the difference between your adjusted AFC and your disability annuity amount, your monthly annuity will be reduced or possibly canceled. If you return to work with an employer covered by the Retirement Systems and your salary is equal to or greater than your adjusted AFC, your disability retirement annuity ceases and you must become an active member of the system.

At age 65, there is no earnings limitation for public or private employment.

### Need to Contact Us?

#### Mailing Address

South Carolina Retirement Systems  
P.O. Box 11960  
Columbia, SC 29211-1960

#### Location

Fontaine Business Center  
202 Arbor Lake Drive  
Columbia, South Carolina 29223

#### Office Hours

8:15 AM - 5:00 PM

#### Customer Services

(803) 737-6800  
(800)868-9002 (within SC only)  
[www.retirement.sc.gov](http://www.retirement.sc.gov)

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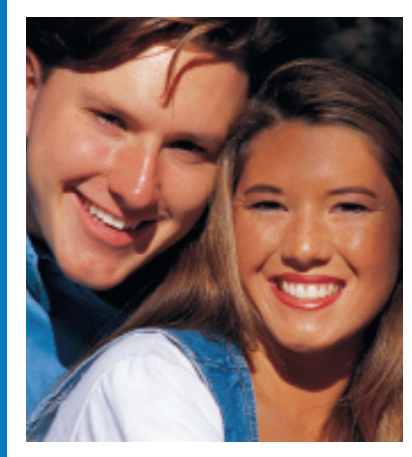
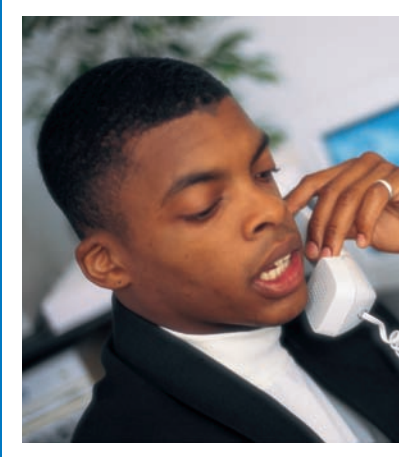
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2008 SCRS Member Handbook



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2008 Edition**



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